

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE**

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**2008-2009 FUNDING ROUND
NOTICE OF FUNDING AVAILABILITY (NOFA)
INFILL INFRASTRUCTURE GRANT PROGRAM
JANUARY 30, 2009**

**INFILL INFRASTRUCTURE GRANT PROGRAM FUNDING
APPROXIMATELY \$197 MILLION**

PROGRAM DESCRIPTION**A. Introduction**

The California Department of Housing and Community Development (hereinafter "HCD" or "Department") is announcing the availability of approximately \$197 million in funding for the Infill Infrastructure Grant ("IIG") Program (the "Program"). Funding for this Notice of Funding Availability ("NOFA") is provided under the Housing and Emergency Shelter Trust Fund Act of 2006 (Proposition 1C) pursuant to Chapter 2 of Part 12 of Division 31 of the Health & Safety Code, Sections 53545.12 and 53545.13.

B. Program Summary

IIG Program Funds being offered through this NOFA are available as grant funds for the gap funding of infrastructure improvements that are an integral part of or are necessary to facilitate the development of new infill housing for specific residential or mixed use projects and areas.

Available funds are subject to the revised IIG Program Guidelines issued by the Department and dated January 30, 2009 ("Guidelines"). These Guidelines include detailed information on eligibility requirements and application selection criteria, and may be accessed at <http://www.hcd.ca.gov/fa/iig>.

C. Status of Availability of State Funds

Applicants are hereby advised that the funding to be committed under this NOFA is provided from the proceeds of the sale of State General Obligation Bonds ("GO Bonds"). Proceeds of GO Bond sales are deposited into the Pooled Money Investment Account ("PMIA") administered by the Pooled Money Investment Board (PMIB). The State Treasurer has not sold any GO Bonds since late summer 2008; and as of December 17, 2008, the PMIB froze all disbursements for bond expenditures from the PMIA. As of the date of this NOFA, the Department does not have access to any funds or replacement moneys to fund any commitments that may be made hereunder. The

Department is hopeful that the State Treasurer will soon resume the sale of GO Bonds, after the passage of a state budget. However, the Department has no information on when such a sale may occur, but we will keep sponsors and lenders informed with updates on the Department's website, <http://www.hcd.ca.gov/>. Any commitments made under this NOFA are subject to the availability of state funds for that purpose.

D. Grant Amounts

A **Qualifying Infill Project** is a residential or mixed-use residential development project that meets all of the criteria as set forth in Sections 303 and 308 of the Guidelines. Except as set forth below, the minimum Program grant for a **Qualifying Infill Project** is \$500,000 in urban areas and \$250,000 in rural areas. The maximum Program grant for a Qualifying Infill Project is \$20 million for this NOFA with a maximum of \$50 million over the life of the Program.

The minimum Program grant for a **Qualifying Infill Project** application consisting of a **multi-phased development with 200 or more residential units** that elects to be rated pursuant to the criteria set forth in Section 310 of the Guidelines (**"Large Multi-Phased Qualifying Infill Project"**) is \$2 million in urban areas and \$1 million in rural areas. The maximum Program grant for a Large Multi-Phased Qualifying Infill Project is \$30 million for this NOFA with a maximum of \$50 million over the life of the Program. Applications making this election cannot apply for funds allocated to Qualifying Infill Projects.

A **Qualifying Infill Area** is an area that meets all the criteria as set forth in Sections 303 and 308 of the Program's published Guidelines. The minimum Program grant for a **Qualifying Infill Area** is \$2 million in urban areas and \$1 million in rural areas. The maximum Program grant for a Qualifying Infill Area is \$30 million for this NOFA with a maximum of \$50 million over the life of the Program.

The total maximum grant amount shall be limited based on the number of units in the Qualifying Infill Project or Qualifying Infill Area, the bedroom count of these units, and the density and affordability of the housing to be developed. The following tables outline the values used in calculating the maximum grant amount allowed in this NOFA. The maximum grant limit equals the basic grant limit multiplied by the net density adjustment factor. The total actual grant amount shall be based upon the lesser of the gap funding amount necessary to fund the Capital Improvement Project or the maximum amount calculated from the tables.

Basic Grant Limits

Income Level & Tenure	0-Bdrm	1-Bdrm	2-Bdrm	3-Bdrm	4-Bdrm
200%+ FMR* or Exceeds CALHFA Sales Prices**	\$3,000	\$6,000	\$9,000	\$12,000	\$15,000
IIG Unrestricted***	\$20,000	\$23,000	\$27,000	\$33,000	\$36,000
Moderate Owner	\$23,000	\$26,000	\$31,000	\$37,000	\$40,000
Low Owner	\$26,000	\$29,000	\$35,000	\$41,000	\$45,000
60% AMI Rental	\$26,000	\$29,000	\$35,000	\$41,000	\$45,000
50% AMI Rental	\$30,000	\$34,000	\$39,000	\$47,000	\$50,000
30% AMI Rental	\$35,000	\$37,000	\$42,000	\$54,000	\$57,000

***200% FMR Unit:** A 200 percent Fair Market Rent (“FMR”) Unit is a rental unit with a proposed monthly rent which is equal to or greater than 200 percent of its county’s FMR as defined by HUD.

****Exceeds CalHFA Maximum Sales Price Unit:** A for-sale unit with a proposed sales price which exceeds its county’s maximum allowable sales price for a new construction unit as published by CalHFA.¹

*****IIG Unrestricted:** An Unrestricted Unit for the purposes of calculating grant amounts in the IIG program is any unit not restricted at the other levels identified in Section 302(a) but also not meeting either of the above definitions.

¹—The CalHFA chart can be viewed at the following website:
<http://www.calhfa.ca.gov/homeownership/limits/salesprice/salesprice.pdf>. To determine if a project is in a “target” area, utilize the CalHFA list of census tracts, found at the following website:
<http://www.calhfa.ca.gov/homeownership/information/target-area.pdf>

Net Density Adjustments to Basic Grant Limits

Net Density (housing units per acre)	Adjustment Factor
Less than 30	1
30 – 34.9	1.04
35 – 39.9	1.08
40 – 44.9	1.12
45 – 49.9	1.16
50 – 54.9	1.2
55 – 59.9	1.24
60 – 64.9	1.28
65 – 69.9	1.32
70 – 74.9	1.36
75 – 79.9	1.4
80 – 89.9	1.44
90 – 99.9	1.48
100 and above	1.52

Under this NOFA, approximately \$98.5 million will be awarded to **Qualifying Infill Projects** that do not qualify as Large Multi-Phased Qualifying Infill Projects. Approximately \$98.5 million will be awarded to **Qualifying Infill Areas** and **Large Multi-Phased Qualifying Infill Projects**.

The Department reserves the right to adjust the allocations to Qualifying Infill Areas / Large Multi-Phased Qualifying Infill Projects and to other Qualifying Infill Projects based upon demand and the degree to which applications of either type meet Program objectives as evidenced by point scores and other factors including the need to meet geographic distribution goals. If the Department receives insufficient eligible applications for either the Qualifying Infill Area / Large Multi-Phased Qualifying Infill Projects or other Qualifying Infill Project allocations, the Department may redistribute this initial allocation to fund other eligible infill areas or projects.

E. Application Scoring

Qualifying Infill Project applications shall be evaluated based on the criteria set forth in Sections 303, 308 and 309 of the published Guidelines.

Large Multi-Phased Qualifying Infill Project applications may be rated pursuant to the criteria Section 310 and ranked for funding with the Qualifying Infill Area applications for funds allocated in this NOFA for Qualifying Infill Areas. Applications making this election cannot apply for funds allocated to Qualifying Infill Projects.

Qualifying Infill Area applications shall be evaluated based on the criteria set forth in Sections 303, 308 and 310 of the published Guidelines.

Pursuant to Section 307(e) of the IIG Guidelines, project applications must receive a minimum score of 210 in order to be considered for funding. Applications must contain a completed IIG Self-Scoring Worksheet along with documentation acceptable to the Department that adequately supports the Self-Score provided. Applications that do not include a Self-Scoring Worksheet will not be considered for funding. Self-Scoring Worksheets must be included within the application at the time of submittal to HCD. No additional information may be added to an application after it has been submitted.

The highest scoring applications that meet all threshold requirements shall be selected for funding under each allocation in this NOFA. Applications will be funded in descending order. The Department may make adjustments in this procedure to meet approximately the following geographic distribution objectives:

- (a) Target 45% of total funds to projects located in Southern California (Kern, San Bernardino, San Luis Obispo, Santa Barbara, Ventura, Los Angeles, Orange, Riverside, San Diego or Imperial counties);
- (b) Target 10% of total funds to projects located in the Central Valley (Fresno, Kings, Madera, Merced, San Joaquin, Stanislaus and Tulare counties); and
- (c) Target 45% of total funds to projects located in Northern California (those counties not specified in paragraphs (a) and (b) above).

All funding decisions are subject to approval by the Department's Loan and Grant Committee and the Division of Financial Assistance Deputy Director. The decision of the Deputy Director is final.

Pursuant to IIG Guidelines Section 305(e), the Department must determine that the housing to be developed is reasonably expected to be financially feasible as proposed in the application in order for the application to be considered for funding.

Except for conditions pursuant to IIG Guidelines Section 308(d), applications are ineligible if construction has commenced as of the application due date on either the CIP or on the housing units designated in the application.

Pursuant to IIG Guidelines Section 305(d), applications are ineligible if the project is already fully funded or compatible funding is reasonably available.

APPLICATION PROCEDURES AND DEADLINE

A. Application Packaging and Submittal

For Qualifying Infill Projects, the nonprofit or for-profit developer of the Qualifying Infill Project is a required applicant, either by itself or as a joint applicant with a Locality, public housing authority, or redevelopment agency with jurisdiction over the area in which the Qualifying Infill Project is located. Public agencies are not eligible as sole applicants for Qualifying Infill Projects. Transit districts, regional planning agencies, and joint powers authorities are not eligible joint applicants, except that joint powers authorities comprised entirely of eligible applicants are eligible, jointly with the developer of the Qualifying Infill Project, where the authority granted to the joint powers authority encompasses the activities necessary to comply with the requirements of the Program.

For Qualifying Infill Areas, a Locality, public housing authority, or redevelopment agency that has jurisdiction over the Qualifying Infill Area, or one of these entities together with a BID as joint applicants, provided that the BID includes, or is contained within, the Qualifying Infill Area. Transit districts, regional planning agencies, and joint powers authorities are not eligible applicants or joint applicants, except that joint powers authorities comprised entirely of eligible applicants are eligible, either individually or jointly with other eligible applicants, where the authority encompasses the activities necessary to comply with the requirements of the Program.

Joint applications are permitted where each applicant individually is an eligible applicant.

A complete original application, plus one copy, must be received by the Department no later than **5:00 p.m. on Wednesday, April 1, 2009**. No facsimiles, late applications, incomplete applications, or application revisions will be accepted. Applications must meet all eligibility requirements upon submission. Applications having material internal inconsistencies will not be rated and ranked. HCD expects to issue awards to successful applicants in June 2009.

The IIG Program will utilize a Grant Application with attachments. **The application forms will be available on the Department's website.** Modification of the application forms by the applicant is prohibited. The Department will fund only one application for each Capital Improvement Project or portion thereof. In this NOFA, the Department will fund only one application for each Qualifying Infill Project and Qualifying Infill Area.

It is the applicant's responsibility to ensure that the application is clear, complete and accurate. After the application deadline, IIG staff may request clarifying information and/or inquire as to where in the application specific information is located provided that such information does not affect the competitive rating of the application. No information, whether written or oral, will be solicited or accepted if this information would result in a competitive advantage to an applicant or a competitive disadvantage to other

applicants. No applicant may appeal HCD's evaluation of another applicant's application.

B. Application Workshop

To assist applicants in preparing their application, the Department will conduct Application Workshops. Detailed information regarding the workshop dates and locations as well as an R.S.V.P. form will be available on the Department's website.

C. State Prevailing Wages

Program funds will be considered to be public funds pursuant to State Prevailing Wage Law: Chapter 1 of Part 7 of Division 2 of the Labor Code, commencing with Section 1720, unless exempt by the terms of that statute. See Labor Code Section 1720, subdivisions (c) and (d). The nature and extent of prevailing wage obligations will depend on the financial structure of each project receiving or supported by Program assistance. Applicants are urged to seek professional advice as to how this law may affect their application.

D. Disclosure of Application

Information provided in the application will become a public record available for review by the public pursuant to the Public Records Act. As such, any materials provided will be disclosable to any person making a public records request. As such, we caution you to use discretion in providing us with information that is not specifically requested, including but not limited to, bank account numbers, personal phone numbers and home addresses. By providing this information to the Department, the Applicant is waiving any claim of confidentiality and consents to the disclosure of all submitted material upon request.

E. Other Information

The IIG Program's application forms, workshop details, and related program information, will be posted on its website at: <http://www.hcd.ca.gov/fa/iig>.

Questions may be directed to the IIG Program staff at (916) 324-1555 or e-mailed to infill@hcd.ca.gov.